



State of Colorado Homeland Security Grants Supplemental Policies and Procedures Manual

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Foreword

Governor Bill Ritter established the Office of Homeland Security (Office) in 2007 to elevate the focus on one of the State's most critical missions— the safety and security of its citizens. The new Office is responsible for developing state and local strategies to prepare for, prevent, and respond to terrorist attacks and other disasters and for promoting transparency and accountability in the administration of the State's Homeland Security Grant Program (HSGP).

In 2007, the State received over \$24 million to administer five programs under the HSGP – the State Homeland Security Program, Urban Areas Security Initiative Grant, Law Enforcement Terrorism Prevention Program, Metropolitan Medical Resource System and Citizens Corp Program. In addition, the State received over \$14 million in Public Safety Interoperable Communications Grant monies.

Governor Ritter awarded HSGP funds in September after receiving the recommendations of the Homeland Security Grant Review and Senior Advisory Committees. The Governor commented that “These funds will allow local agencies, in partnership with the state, to make substantial improvements in our ability to prevent, deter, respond and recover from acts of terrorism...The grants will enhance our ability to protect critical infrastructure; better communicate among agencies and with the public; improve the gathering and sharing of information; and provide better planning capabilities....With greater input from local representatives, these grant awards reflect more targeted priorities and will let us focus on our most pressing needs.”

After the Governor's 2007 awards were announced, the Office of Homeland Security worked with representatives from the State's nine all hazards regions to determine where grants administration could be strengthened and streamlined. The result is this Supplemental Policies and Procedures Manual. The Manual is a critical component of the effective and efficient administration of Homeland Security and Public Safety Interoperable Communications grants. It incorporates by reference the provisions of OMB circulars and government-wide common rules applicable to grants. The Manual is intended to be used in conjunction with directives contained in federal and state laws and regulations and in the terms and conditions section of the grant awards themselves.

We want the Supplemental Policies and Procedures Manual to be useful and welcome any suggestions for improvements. Don't hesitate to contact us at 720.852.6600 if you have any recommendations, questions or concerns. We look forward to your continued success in administering Homeland Security grants.

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About This Document

This manual is primarily a compilation of information from federal and state regulations and guidance related to grants. It is intended to serve as a reference starting point only. It is not intended to supersede or replace any other document.

Recipients of Homeland Security grant awards and their fiscal agents should ensure compliance with all federal requirements, including but not limited to the following:

Administrative Requirements

- OMB Circular A-102, "Grants and Cooperative Agreements with State and Local Governments"

Cost Principles

- OMB Circular A-87, "Cost Principles for State, Local, and Indian Tribal Governments" (codified at 28 CFR Part 66, by reference)

Audit Requirements

- OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Institutions" (codified at 28 CFR Parts 66 and 70)

Government-wide Common Rules

- Uniform Administrative Requirements for Grants and Cooperative Agreements with State and Local Units of Government (codified at 28 CFR Part 66)
- Government-wide Debarment and Suspension (Nonprocurement) (codified at 28 CFR Part 67)
- Government requirements for Drug-Free Workplace (Grants) (codified at 28 CFR Part 83)
- New Restrictions on Lobbying (codified at 28 CFR Part 69)

At the state level, recipients of Homeland Security Grant Awards should pay particular attention to the State of Colorado Fiscal Rules and the State Procurement Code.

For procurement, inventory and other accounting-related procedures, Sub-grantees should ensure that internal controls are in place and that there is compliance with local, state and federal law. Where laws at local, state and/or federal levels are in conflict, or differ in a material regard, Sub-grantees should follow the most conservative requirements. Sub-grantees should seek the advice of local counsel and their assigned grant manager for any areas of concern.

CHAPTER 1 - GRANT AWARDS

Master Contract

The State of Colorado through its agent, the Department of Local Affairs, has entered into a Master (“Umbrella”) Contract with local entities governing the distribution, expenditure, and administration of federal funds. Sub-grantees should ensure that they have a signed copy of the Master Contract in their files and understand its terms and conditions.

The Master Contract, along with the Grant Award Letter and final approved Grant Application, comprise the contract between the State of Colorado and the local entity receiving the grant.

Grant Award Letter

The Grant Award Letter (GAL) is the official notification to the Sub-grantee that the award of federal funds has been approved. The letter provides the amount of federal funds for the Sub-grantee’s approved project. It identifies the federal grantor agency, the federal award number, the Catalog of Federal Domestic Assistance (CFDA) title and number, the Sub-grantee name, the State grant number, the award performance/effective period, the approved budget, and Special and Standard Conditions which must be met in accepting the award.

The grant application that is incorporated as an attachment to the GAL is the final approved version. Note that the approved grant application may be a modified version of the originally submitted application. Sub-grantees should administer awards in accordance with the final approved version of the grant application that is attached to the GAL. Sub-grantees must comply with all “Grant Requirements” included in the application.

Sub-grantees should notify the State within ten days of receipt of the GAL if the letter contains anything the Sub-grantee feels is in error, or does not understand. If such notification is not received, the State will consider that the Sub-grantee accepts the GAL as it is written. Acceptance of the GAL serves to acknowledge that the Sub-grantee is fully cognizant of its responsibility to ensure its compliance with all relevant state and federal laws and regulations.

Project Administration

Please use your assigned Grant Manager as the single point of contact for any question you have or technical assistance you require on any matter related to your Homeland Security Grant(s), whether financial or programmatic in nature. The Grant Managers will be responsible for ensuring that you receive the assistance you need, either directly or by referral to another SAA staff member.

Reimbursement for Costs Incurred - Cash Drawdowns

Cash drawdowns should be requested as reimbursement for amounts actually expended. At a minimum, Sub-grantees should request a cash drawdown quarterly.

Please contact your assigned grant manager if you need funds in advance of expenditure.

Sub-grantees can expect to receive payment within 30 days of receipt of a completed Cash Drawdown Request Detail Form, if approved. Drawdown requests that are incomplete or inaccurate will be returned to the Sub-grantee with a letter detailing the reasons for the rejection. Payment will be made only after corrected request forms have been received by the State.

Sub-grantees must submit two signed copies of the "Cash Drawdown Request Detail Form" to request payment of expenditures. Sufficient detail must be provided with the cash drawdown request to demonstrate that expenses are allowable and appropriate to justify services, and identify equipment for ongoing tracking purposes as follows:

- **Goods** – Required Documentation: Requests for reimbursement of items of equipment (tangible personal property) with a purchase price of less than \$5,000 per item should include the invoice number, description of item purchased (e.g. radios), and the location and number of items. For equipment items with a purchase price of or exceeding \$5,000, and a useful life of more than one year, the Sub-grantee must provide a copy of the invoice and include a unique identifying number. This can be the manufacturer's serial number or, if the Sub-grantee has its own existing inventory numbering system, that number may be used. The location of the equipment must also be provided.
- **Services** – Required Documentation: Sub-grantees must include contract numbers or employee names, the date/s the services were provided and the nature of the services.

Sub-grantees must retain all procurement documentation on site for inspection. This should include, but not be limited to, purchase orders, receiving documents, invoices, vouchers, equipment/services identification, and time and effort reports.

To avoid reimbursement delays, Sub-grantees should submit their Quarterly Financial Reports and Narrative Reports on or before the dates required. (See table below.) Reimbursement requests will not be approved unless all required reports have been submitted. Approval will also be withheld if a Sub-grantee has not submitted its A-133 audit to the SAA on a timely basis.

Quarterly Financial and Narrative Reports

Quarterly Financial and Narrative Reports must be submitted in accordance with the “Quarterly Reporting Schedule” presented below. The purpose of these two reports is to provide information on the financial and project activity progress made in meeting the goals and objectives of the grant award. The reports must include a description of any delays or problems with the project. Sub-grantees should check the Special Conditions on the Grant Award Letter for any additional special reporting requirements.

Two signed copies of the Quarterly Financial and Narrative Reports, with original signatures of the Project Director and Fiscal Agent, must be received by the State no later than thirty days (30) after the end of each calendar quarter, even if there has been no grant activity during the quarter. Quarterly reports are required on all open grant awards. If there has been no activity on a grant during a quarter, reports must include an explanation for the lack of grant activity.

Quarterly Reporting Schedule

Calendar Quarters	Due Dates
January 01 – March 31	April 30
April 01 — June 30	July 30
July 01 — September 30	October 30
October 01 — December 31	January 30

The first quarterly report for any grant will be due for the quarter in which the Grant Award is issued. For example, if a grant begins on August 25, 2007, the first report will be due for the quarter ending September 30, 2007, and should be received by the SAA no later than October 30, 2007.

Grant Close-Out

All Sub-grantees must follow the grant close out procedures as described within this section. Grants must be closed within 45 days of the end date of the grant performance period.

Final Cash Drawdowns

All requests for reimbursement must be submitted within 45 days of the end of the grant award period. Requests for reimbursement for goods or services must include only actual expenses incurred and/or items encumbered prior to the end of the grant award period. An encumbrance occurs when there is a valid purchase order or legal binding contract. Sub-grantees who have properly encumbered funds prior to the end of the award will have 45 days to receive goods or make payment and request reimbursement for the funds. Reimbursement for services can only be approved for actual services performed and completed within the performance period of the grant.

Final Financial Report

Sub-grantees are required to submit a Final Financial Report (see Appendix) including total expenditures for the grant period. The Report is due within 45 days of the end of the grant period and may be submitted along with the final cash drawdown, if appropriate. The Report cannot include unpaid obligations.

If a Sub-grantee's final reconciliation indicates that it has requested and received more money than it was entitled to, the Sub-grantee's report should include a request for deobligation of excess funds. Excess funds should be returned as soon as identified, but no later than 45 days after the close of the grant period. Sub-grantees with excess funds should make a check or warrant payable to the Colorado Department of Local Affairs, indicating the grant number.

Final Narrative Report

Sub-grantees are required to submit a Final Narrative Report providing project completion details, reported outcomes of the project, problems encountered during the performance period which may have hindered or affected the completion of grant performance measurements, and any other pertinent information. Sub-grantees should also include information regarding the continued efforts of the projects including any information on future grant funding or supplemental funding sources.

Records Retention

All Sub-grantee financial and program records must be retained for four (4) years from the date of closure of the grant. If any litigation, claim, negotiation, audit, or other action involving the records has been started before the expiration of the four-year period, the records must be retained until resolution and completion of all actions concerning the grant.

Records must be maintained separately from any previous or future grants that provided funding or will continue funding for the project. Grant records include all financial records, supporting documents, statistical records, and all other records pertinent to the grant. These include, but are not limited to, books of original entry, source documents supporting accounting transactions, the general ledger, subsidiary ledgers, personnel and payroll records, consultant/volunteer time and activity reports, canceled checks, related documents and records. Source documents include but are not limited to: Grant Award, financial and narrative reports, and other programmatic / financial forms and reports associated with execution of the grant.

